FOREIGN AGRICULTURE

Harvesting potatoes, Austria.

December 6, 1976

- World Potato Situation

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This week's cover:

Harvesting potatoes in the Triesting Valley, Austria. One of many European countries whose lowered potato production contributed to a 5 percent drop in world potato output in 1976. The United States, however, experienced record highs in both production and exports. See article, opposite.

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World Potato Output Down, U.S. Production, Exports Up

By FRANK E. HOKANA
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TRIGGERED BY West European drought, world potato production has fallen in 1976 and exports from the United States, where output is at a record high, are moving into Europe for the first time in several years.

World production fell 5 percent in 1976 from 1975 levels, as U.S. production climbed 9 percent to 15.8 million metric tons. U.S. output is expected to account for over 7 percent of total world potato output of 218.4 million tons (planted on 16 million hectares).

U.S. shipments of fresh potatoes for the 1975/76 marketing year (October-September) were 10.6 million hundredweight (cwt)—2.7 times the quantity exported during the same period a year ago. Canada was the top importer of U.S. potatoes, accounting for 50 percent —5.3 million cwt. Western Europe was next, taking 4.2 million cwt, or 40 percent of U.S. exports.

The 1975/76 marketing year was also a good one for U.S. processed potato flakes and granules. Shipments amounted to 51,147 metric tons, 6 times more than in 1974/75. The United Kingdom, which traditionally bans fresh potato imports from the United States, purchased 48 percent of flake and granule exports (24,408 tons), while West Germany imported 16 percent (8,195 tons). Other importers included Sweden and Japan, accounting for 4,228 and 3,747 tons, respectively.

Other dehydrated potato exports from the United States during 1975/76 totaled 14,533 tons, another record high. Leading importers were the United Kingdom (8,376 tons), Japan (2,229 tons), Canada (1,573 tons), and West Germany (1,170 tons).

Converted to fresh weight equivalent, U.S. exports of fresh potatoes, flakes, granules, and other dehydrated potatoes (excluding frozen french fries) amounted to 20.9 million hundredweight, 6.5 percent of the 319.8 million hundredweight produced in the United States in 1975.

As a result of its excellent production year, U.S. imports of potatoes fell to their lowest level in several years. Imports of table potatoes during the 12-month period ending September 30, totaled only 218,000 hundredweight, compared with imports of 997,000 during the same period last year. Seed potato imports were also down by 17 percent to 412,000 hundredweight. Virtually all fresh potato imports are from Canada. Dehydrated potato imports in 1975/76 were a mere 3 percent—30 tons—of the 825 tons imported in 1974/75.

Elsewhere in North America, Canada's potato output is up 13 percent over 1975 levels to 2.5 million tons, and is roughly equivalent to 1974's total. Mexico's 1976 production is now forecast at 640,000 tons, 3 percent lower than in 1975.

In contrast with the United States, Western Europe is faced with the possibility of its second shortage of fresh and processed potatoes in as many years. The preliminary 1976 potato output total for Western Europe is 39.9 million tons, a drop of 11 percent from the 1975 crop and 27 percent below 1974 levels. Lower production was the result of reduced yields, even though area increased by 3 percent over a year earlier.

In the European Community countries, production fell by 16 percent, the result of the prolonged drought that severely limited plant growth and tuber development. The 1976 preliminary output of 28.1 million tons is down 32 percent from 1974 levels. The only countries not to show a decline in production are Italy and Ireland. Area in European Community countries increased by less than 1 percent over 1975's.

West Germany. Severely affected by the unusual combination of both hot and dry weather, West Germany's potato crop is preliminarily estimated at the lowest point in recent history, 9.3 million tons, down 14 percent from last year's total. Potato area has declined

during the past 5 years from 503,000 hectares in 1972 to the current 416,100 hectares. This trend has been continuing since the early 1950's, when potato area was more than 1.1 million hectares.

This year's crop is below normal. Sizes are relatively small and there is more than usual second growth. An above-average percentage of the crop is too small to meet West German standards. However, speculation persists that these standards will be "stretched." The quality of this year's crop is considered good and of satisfactory storability. It is estimated that imports of 1.2 million tons will be needed to satisfy demand.

West Germany recently modified its import regulations for fresh potatoes (excluding seed), enabling imports of white-fleshed potatoes for processing and table use from non-EC countries, if accompanied by phytosanitary certificates. Although this measure is to end on December 31, 1976, it may be extended.

United Kingdom. Following on the heels of a disastrous 1975 potato crop, production in 1976 is expected to be 4.3 million tons, 5 percent less than last year's. Although area increased this year by more than 8 percent, production is expected to fall considerably short of current needs. Quality appears to be lower and recent rains are creating a serious storage problem. Buyers were concerned as alternative supply sources for potatoes in Western Europe appeared to be experiencing similar shortfalls in production. The United Kingdom does not allow importation of fresh potatoes from North America. However, a substantial amount of processed potatoes has been purchased from the United States.

France. The 1976 French potato crop is now estimated at 4.2 million tons, plunging 42 percent from last year's below-average crop and 45 percent below the 1974 output.

POTATO AREA DECLINED 10 percent in 1976 to 281,000 hectares. Although France has traditionally been a potato exporter, exports have been embargoed since July 1, and import requirements are estimated at 650,000 tons, for which 355,000 tons reportedly have already been contracted.

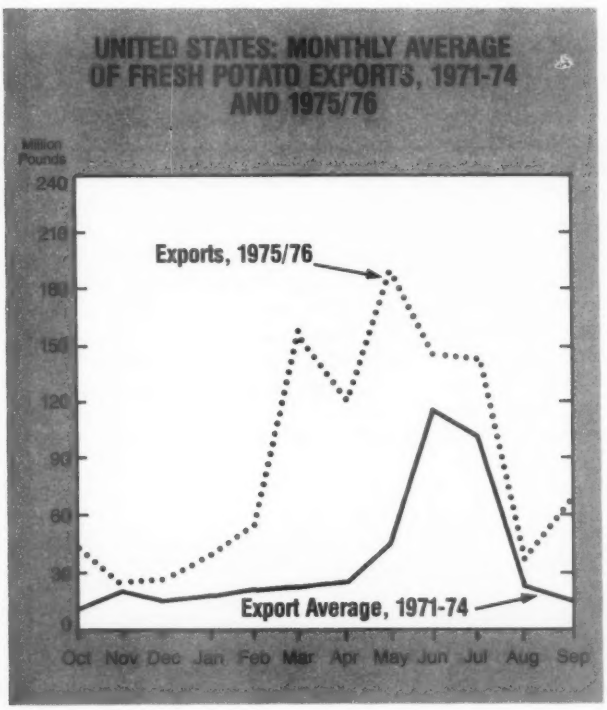
Although France's 1975 potato imports originated in the Netherlands, Morocco, and Italy, this year the United States is expected to participate in this market, the result of reduced duties, liberalization of varietal preferences, and changes in phytosanitary requirements.

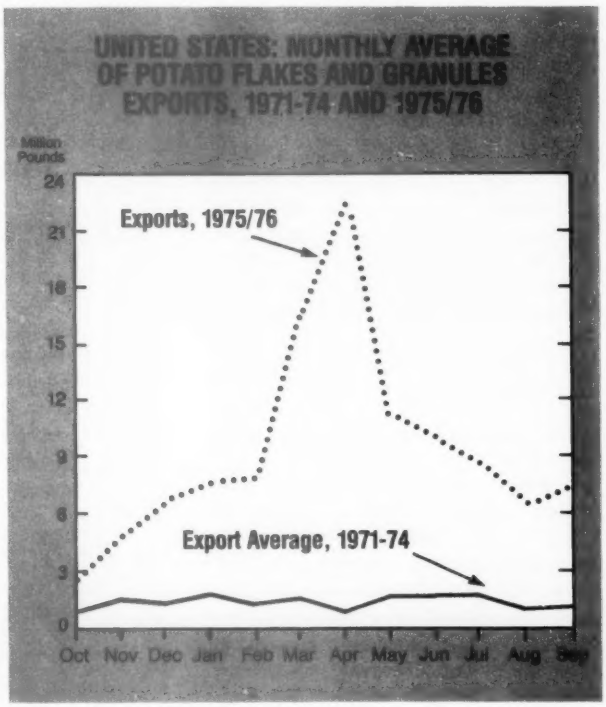
Netherlands. The largest exporter of potatoes in Western Europe, the Netherlands expects a reduction of 9 percent in output this year to 4.56 million tons. Potato area has increased 7 percent since last year to 161,000 hectares, the highest in recent years. During the 1975/76 marketing year, the Netherlands imported nearly 34,000 tons of fresh potatoes from the United States, mostly during September.

Italy. Owing to Italy's importance as an exporter of early potatoes, considerable interest has surrounded the production and recent market activity in this country. Production in 1976 is expected to remain unchanged from the 1975 level of 2.9 million tons. During the first 9 months of 1976, Italy exported 348,000 tons of potatoes, compared with 235,000 during this period a year ago. Italy's own imports included 5,600 tons from the United States via the Netherlands, and trade reports indicate that by winter Italy may need to import substantial quantities of table potatoes.

Belgium-Luxembourg. Current estimates place the 1976 crop at 890,000 tons, the smallest in recent history, and 32 percent below last year's harvest. U.S. export sales to these two countries —currently 27,500 tons—may double as U.S. potatoes have the advantage of large size and suitability for french fries.

Denmark. Although Denmark's potato area was increased by 16 percent in 1976, yields were sharply limited by





the driest summer in 103 years and cutworm infections. Commercial potato production, as a result, is expected to drop 5 percent to 625,000 tons—the lowest level in 40 years.

Ireland. Long known for its potato famine of the mid 1840's, Ireland is expecting a near bumper crop of potatoes in 1976—1.3 million tons. Should the forecast materialize, production would be 35 percent higher than that of 1975, and ample to meet Ireland's domestic needs. Both producers and wholesalers are exerting pressure within the country and the EC for a relaxation on export restrictions.

In other West European countries, besides those of the EC, 1976 potato production is estimated at 11.8 million tons, an increase of more than 3 percent over 1975 output. However, production varies widely from country to country.

Austria. Although preliminary data indicate a slight increase in area for 1976, potato production is expected to drop by 15 percent to 1.3 million tons from yast year's. Austria normally uses half of its production for animal feed. However, since the 1975 grain crop is large enough to make up for shortfalls in supplies of feed potatoes, potato use by the hog industry may decline by as much as 50 percent.

Finland and Greece. Both of these countries are expecting 1976 production to be the highest in recent years at 1.01 million and 926,000 tons, respectively. Both countries will compete for foreign trade, with Greece expecting exports to reach a record high of 110,000 tons.

Norway and Sweden. Potato production is expected to increase 26 percent to 550,000 tons and 27 percent to 1.06 million tons, respectively, in these countries in 1976. Domestic production of table potatoes is currently expected to be sufficient to meet domestic demand; however, Sweden expects to import some potatoes between late March and early June 1977.

Portugal. Severe drought conditions in Portugal, particularly in the main potato-growing areas in the north, have reduced potato output 13 percent to 820,000 tons, despite an increase in area of 19 percent. Portugal is a traditional importer of potatoes from West European countries. Accordingly, its phytosanitary requirements are set to meet prevailing European regulations. However, Portugal accepted the U.S. phytosanitary certificate when it imported large quantities of U.S. potatoes last season.

Spain. Drought in Spain seriously reduced the country's 1976 potato crop development and growth. The preliminary estimate—5.2 million tons—is slightly over 1975 levels, but still below the 1974 crop. Spain is likely to import between 70,000 and 100,000 tons of table potatoes to meet domestic requirements in 1976. Exports of new potatoes to the EC are expected to fall in the same range.

Eastern Europe. Production of potatoes in East European countries is expected to be down 2 percent from last year's total to 62.8 million tons in 1976. The largest producer of potatoes in Eastern Europe, Poland expects production to decline by 5 percent to 44 million tons. All other major producing countries also expect declines, except Yugoslavia, whose output should rise, owing to a 17 percent increase in yield. Yugoslavia expects to have 30,000 tons of potatoes available for export.

USSR. The USSR is the world's largest producer of potatoes, but Soviet officials have described the current production as "disappointing." The 1976 crop of 82 million tons is down 8 percent from 1975, owing to prolonged cool wet weather in the important growing regions.

Australia. Australia's 1976 potato crop of 687,000 tons was substantially below the 1975 crop of 736,000 tons, owing to reduced plantings and poor weather. Imports this year were well below those of recent years, however, with imports of frozen potatoes totaling 245 tons. Following strong pressure from growers for higher tariff duties, the Industries Assistance Commission is currently investigating the level of protection afforded potatoes and potato products.

Imports of fresh potatoes are prohibited in Australia under quarantine regulations to prevent introduction of potato blight and other virus disease not present in Australia. However, there are no restrictions on imports of processed po-

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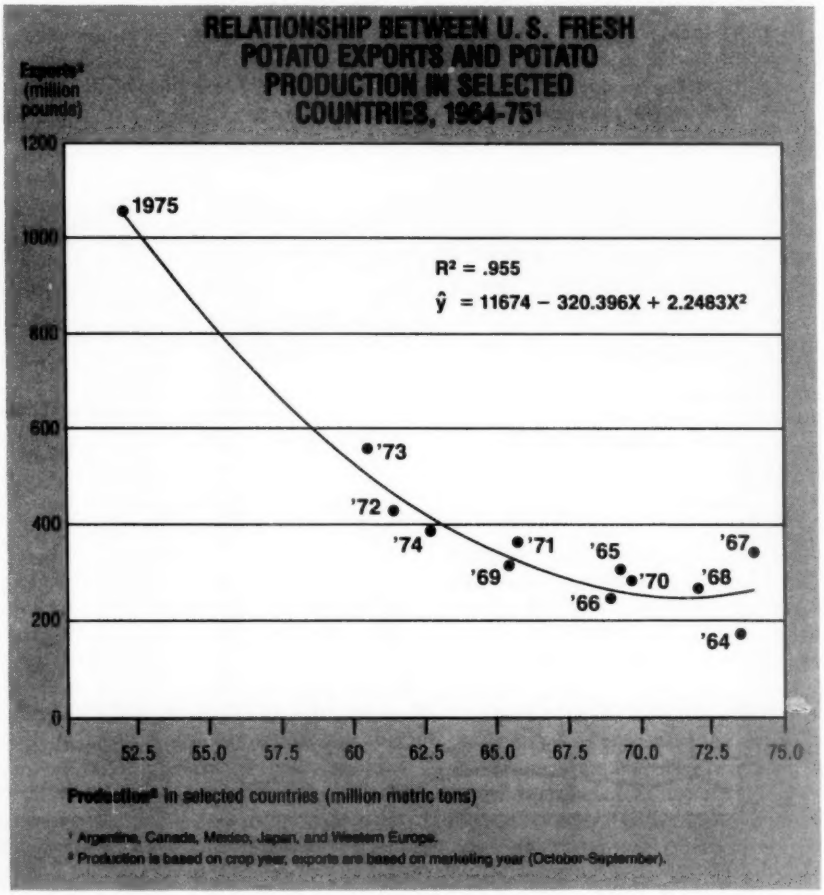

U.S. Meal Faces New Rivalry From EC NFDM

EC compounders of poultry and hog rations will be able to buy nonfat dry milk (NFDM) from European Community intervention stocks until February 1, 1977, at the equivalent of about 10 U.S. cents per pound. At this price, NFDM is highly competitive with U.S. soybean meal.

The price will be the result of a new program that revises the original protein certificate and compulsory purchase system, which expired October 31. Protein certificates are receipts for refundable deposits imposed by the EC on processing or importation of oilseeds or vegetable meals for which NFDM could be substituted in livestock rations. These receipts, in turn, permitted their holders to buy NFDM from EC stocks at a cut rate.

The import deposits are refunded following incorporation of NFDM in feeds or are forfeited if NFDM is not purchased and used.

This program in its current version is intended to reduce the size of the Community's mounting stockpile of NFDM. In April 1976, when the protein certificate program was introduced, that stockpile (intervention stocks only) was about 1.2 million tons. This was two-thirds of the EC's annual NFDM production, and the equivalent of a full year's domestic consumption (including previously subsidized domestic uses such as calf feeding and admixture into feeds intended for export).

After almost 7 months of operation of the certificate system—and notwithstanding a record drought in the interim—the stockpile remained at 1.3 million tons.

Best estimates are that the certificate system was instrumental in the consumption of about 300,000 tons of NFDM. If an equivalent rate of utilization—in excess of "normal" uses—can be achieved under the new subsidy program, and if a similar disposal program is introduced next year, the EC might be able to slowly whittle down its unwieldy stocks, which are about double what is thought to be a comfortable level. The certificate system was not effective in bringing a net reduction because it functioned partially during the flush NFDM production season. Moreover, it generated severe criticism, internally and abroad, both for its complexity and lack of directness, and for its discrimination against competing oilseed products.

The current disposal plan allays or alters some of these criticisms by revising the method of favoring surplus milk powder, but leaving the displacement effects of the program (NFDM vs. other protein sources) unchanged. The plan is also vulnerable to internal criticism regarding direct costs to the EC, since the milk powder that will be available to compounders will benefit from a direct subsidy, to be met from general EC revenues.

Under the current program, the first subsidy occurs when NFDM is released to the compounder at 52 units of account (u.a.) per 100 kilograms (kg), a discount of 39 u.a. from the intervention price. An additional subsidy of 35 u.a. per 100 kg will be paid to the compounder after the NFDM is mixed into a ration. The total of these translates to about 40 U.S. cents per pound give or take a few cents, according to the country selected for working out the example. (The "green currencies" of the respective countries have varying relationships to their normally convertible currencies.)

Such subsidies, in relation to the final cost to the compounders of 17 u.a. per 100 kg, indicate a total Community subsidy of over 80 percent to move its stock through the new program. If this program enables the denaturing and use of the projected target of up to 100,000 tons of NFDM by February 1, 1977, the net costs to the Community will be about $80 million.

And the subsidies will result in a net cost of about $210 to $250 per metric ton to the feed compounder for a feedstuff which, at that price, is directly competitive with vegetable protein meals. U.S. soybean meal, the principal competitor, was available to European compounders in early November at about $215 per ton.

The quantity of NFDM targeted for the new program approximates the shortfall from the initial certificate program, which moved approximately 300,000 tons of its 400,000-ton goal. A large number of certificates are in circulation, possibly equivalent to approximately 100,000 tons. The possibility of integrating these outstanding certificates into the revised structure is not yet clear.

Further information, including possible restrictions that may accompany the new program, will probably soon follow the currently available barebones information about the general structure of the program. However, U.S. observers already note that, from the meager information initially available, the financial burden of the revised program is more widely diffused through the EC than was the burden of the preceding program. As in the earlier program, however, the discriminatory effect falls on suppliers of vegetable protein meals, of which the United States is the principal source. It is highly probable that the EC will propose further programs for the disposal of its surplus NFDM, after the presently scheduled termination date of February 1, 1977.

EDWARD KARPOFF, FAS

Turkey To Upgrade Dairy Industry

The World Bank has approved a $21.5 million loan for further development of Turkey's dairy industry. The 5-year lending program will help to finance the import of about 10,500 purebred cattle to serve as the nucleus of genetically superior stocks to upgrade the national herd. Funds will also be used for purchasing farm machinery and for acquiring technical assistance in planning and extension.

At full development, the project will help to increase annual milk production by 45 million liters, valued at $10 million, and provide some 10,000 locally sired quality cattle each year for dairying and breeding, according to the World Bank.

Turkey had already completed the first phase of its herd improvement program between 1972 and 1976 and the Bank's loan will finance the second phase that will extend from 1977 until 1981, at a total estimated cost of $34.7 million.

The program is to be administered by the Agricultural Development Bank of Turkey with technical assistance provided by the Livestock Directorate of the Ministry of Food, Agriculture and Livestock.

Mixed Pattern For World Food Price Indexes

SEPTEMBER food price indexes (FPI's) were lower than those for August in four of 15 selected countries.

West Germany's FPI was down by 0.8 percent, Canada's by 0.7 percent, Sweden's by 0.6 percent, and the U.S. FPI was smaller by 0.4 percent.

Lower FPI's in September compared with those for June were reported for Canada and West Germany, while Canada was the only country whose September FPI was lower (by 0.5 percent) than the year-earlier figure.

Retail beef prices shopped by FAS on November 3 were higher than those prevailing on September 1 in almost all of 15 world capitals included in the bimonthly FAS survey of retail food prices.

In Canberra, higher prices for beef are a reflection of the short supply of prime quality fat cattle.

In London, beefsteak prices changed little during the 2-month period, but prices of cheaper cuts of beef moved up sharply. Lower-than-normal supplies of cattle for slaughter, combined with a sharp rise in exports of live cattle and beef, have resulted in a tight beef market in the United Kingdom. Pork prices also are higher than those shopped in early September.

The downward trend in meat prices reported by Ottawa and Stockholm is attributed to abundant supplies during the traditionally heavy slaughter period.

Retail prices of beef in The Hague rose during the 2-month period, but pork prices declined—mainly because of larger supplies and a lower volume of exports.

Tokyo's pork prices also declined during the September-November period, chiefly as a result of increased domestic slaughter and a higher level of imports.

In Brussels, retail pork prices dropped 8.5-10 percent during the 2-month interval, a decline attributed to overproduction and sluggish export sales.

Broiler prices in Brussels were 7 percent lower in November than in September—a reflection of continued high production and a reduced level of export sales. Egg prices, however, advanced by 7 percent during the 2-month period.

Broilers are reported to be the best consumer meat buy in London, even though prices in early November were slightly higher than those reported 2 months earlier.

Broiler prices also were lower in Rome and in The Hague as a result of ample supplies during September and October. This situation is expected to change in the coming months, however, because of large total export commitments to the Soviet Union and some Middle Eastern countries.

In Brasília, prices of soy oil and margarine rose because of relatively short supplies. The Brazilian Government has acted to relieve the upward price pressure on soy oil by establishing a ceiling price for this product.

FOOD PRICE INDEX CHANGES IN SELECTED COUNTRIES[1]

Country	Latest month	Index 1970=100	Percent change from Prev. month	Three months	One year
Argentina	Sept.	7,954.0	+ 10.2	+ 24.0	+ 404.1
Australia	Sept.	180.7	+ 1.7	+ 4.2	+ 12.7
Belgium	Sept.	169.7	+ 3.9	+ 4.6	+ 16.3
Brazil	Sept.	432.4	+ 3.5	+ 8.0	+ 44.1
Canada	Sept.	167.6	− .7	− .9	− .5
Denmark	Sept.	185.0	+ 2.2	+ 4.5	+ 9.3
France	Sept.	179.3	+ 1.8	+ 3.6	+ 10.3
Germany	Sept.	136.4	− .8	− 1.9	+ 4.5
Italy	Sept.	207.9	+ 2.5	+ 4.1	+ 18.5
Japan	Sept.	200.5	+ 3.7	+ 3.6	+ 8.7
Mexico	Sept.	209.4	+ 3.1	+ 4.2	+ 10.5
Netherlands	Sept.	156.9	+ 1.2	+ 3.7	+ 10.6
Sweden	Sept.	171.7	− .6	+ .8	+ 10.7
United Kindom	Sept.	254.1	+ 3.7	+ 4.9	+ 19.7
United States	Sept.	158.1	− .4	+ .4	+ 2.2

[1] Based on official price indexes.

FAS SURVEY OF RETAIL FOOD PRICES IN SELECTED WORLD CAPITALS, NOVEMBE
[U.S. dollars per kg or units as indicated,[1] converted at current exchange rates]

City	Steak, sirloin, boneless	Roast, chuck, boneless	Pork chops	Roast, pork, boneless	Ham, canned	Bacon, sliced, pkgd.	Broilers, whole	Eggs, dozen	Butter	Margarine	Cheese: Edam, Gouda, or Cheddar	Milk, whole, liter	Oil, cooking, liter	Tomatoes
Bonn	9.73	6.61	5.66	9.77	(2)	9.11	1.93	1.18	3.63	1.63	3.66	0.42	1.67	0.82
Brasilia	1.62	1.40	2.39	3.71	3.65	5.42	1.10	.77	2.64	1.45	3.13	.22	1.09	.33
Brussels	9.13	4.66	4.25	4.47	6.26	3.31	2.14	1.27	3.93	1.52	4.55	.46	1.22	1.27
Buenos Aires	1.47	.80	1.39	(2)	(2)	(2)	1.09	.63	1.69	.88	1.53	.16	1.55	.38
Canberra	4.04	1.95	4.07	3.93	4.88	4.74	2.03	1.16	4.82	4.17	3.01	.44	1.68	1.79
Copenhagen	11.89	5.27	6.11	6.45	7.26	6.17	2.24	1.37	3.61	1.05	3.61	.46	1.79	1.69
London	6.11	3.55	3.06	2.49	2.91	3.84	1.35	.77	1.71	1.10	1.92	.26	1.11	1.35
Mexico City	1.61	1.57	1.57	2.24	(2)	2.43	1.10	.41	2.34	1.20	4.31	.20	.79	.17
Ottawa	3.80	2.72	4.05	2.74	5.05	3.67	1.79	.97	2.63	2.01	3.96	.63	1.61	1.56
Paris	6.82	3.78	(2)	5.11	(2)	8.05	2.09	1.25	3.46	1.27	3.48	.36	1.05	1.33
Rome	6.48	5.10	4.40	(2)	4.33	4.04	1.84	1.02	4.01	1.62	3.29	.36	.97	.93
Stockholm	11.40	6.48	5.40	9.85	6.74	7.48	3.35	1.62	3.26	2.33	4.92	.35	4.83	2.29
The Hague	8.97	5.38	4.77	5.58	5.14	7.14	1.85	1.10	3.33	1.15	3.99	.39	1.07	.55
Tokyo	18.54	12.54	6.24	5.59	9.81	9.38	2.71	.87	4.73	2.79	4.66	.66	1.56	1.33
Washington	4.25	2.69	3.62	3.35	5.22	3.59	1.21	.90	2.95	1.59	5.49	.50	1.55	1.26
Median	6.48	3.78	4.16	4.47	5.14	5.08	1.85	1.02	3.33	1.52	3.66	.39	1.55	1.27

[1] 1 kilogram=2.2046 pounds; 1 liter=1.0567 quarts. [2] Not available. Source: U.S. Agricultural Attachés.

Higher producer prices for dairy products in EC countries resulted in upward revisions of consumer price tags on milk, butter, and cheese in Brussels and London.

Although Denmark's new sugar tax of the equivalent of 51 cents per kilogram became effective October 1, the tax does not apply to stocks held in retail inventory on that date and consumers thus are able to purchase sugar at the pretax price as long as these stocks last.

—SIDONIA R. DICOSTANZO, FAS

Data Qualifications

Food price indexes, which reflect food price changes in general, are obtained from official government sources. They are based on local-currency prices, and are not directly affected by exchange rate fluctuations.

Food prices of selected commodities are obtained by U.S. Agricultural Attachés on the first Wednesday of every other month. Local currency prices are converted to U.S. prices on the basis of exchange rates on the date of the compilation. Thus, shifts in exchange rates directly affect comparisons between time periods.

The objective of the survey is to reflect the level of prices in other countries of items normally purchased by U.S. consumers. Exact comparisons are not always possible, since quality and availability vary greatly among countries. An attempt is made to maintain consistency in the items and outlets sampled, but they are not necessarily representative of those in the reporting countries.

MBER 3, 1976
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es	Onions, yellow	Potatoes	Apples	Oranges, dozen	Bread, white, pkgd.	Rice	Sugar
	0.79	0.44	0.40	2.47	0.65	1.51	0.66
	.46	.47	.91	.36	.99	.39	.36
	.62	.43	.57	1.54	.70	.98	.79
	.11	.31	.53	.34	.47	.38	.47
	.49	.60	.79	1.48	.89	.86	.34
	1.18	.55	1.02	1.52	1.38	1.11	.66
	.46	.43	.60	2.03	.41	.64	.39
	.15	.21	.31	.16	.37	.45	.08
	.52	.25	.88	1.52	.77	1.20	.42
	.70	.40	.48	1.66	1.69	.99	.55
	.49	.46	.41	1.05	.85	.79	.63
	.98	.44	1.09	1.81	1.98	1.26	.83
	.50	.36	.40	1.16	.64	.90	.64
	.54	.53	1.02	5.00	.94	.93	.83
	.49	.44	.93	1.68	1.06	.75	.46
	.50	.44	.60	1.52	.85	.90	.55

India Harvests Smaller Grain Crop

Estimates for India's food grain production in 1976/77 now range from 109 million to 113 million tons—down from an estimated 115.4 million tons in 1975/76. A decline in rice yields caused most of the setback in total food grain production during the 1976/77 season.

Monsoon rainfall ended earlier than usual this year, with very little precipitation in the last 2 weeks of September —a time when rice fields needed extra water because erratic rainfall in June caused many farmers to delay rice transplanting operations.

It now appears that 1976/77 rice production in India will be about 4 million tons below the bumper output of 47.4 million tons of milled rice in 1975/76.

Output of rice during the kharif season (September-January harvest) is likely to approximate 39.5 million tons in 1976/77—down from about 44 million tons in 1975/76. Poor timing of rainfall hurt yields in eastern India.

The rabi rice crop scheduled for the harvest next spring should be at or near the 1975/76 level of 3.4 million tons.

Coarse grain production in 1976/77 will be about the same as the 1975/76 level of almost 30 million tons. Excellent rainfall last summer in western India provided good growing conditions for sorghum and bajra.

Sorghum production should approximate 11 million tons in 1976/77—about the same as the 1975/76 crop. Bajra output this season should exceed 6.3 million tons—up from 5.8 million tons in 1975/76.

Corn production is expected to be higher in 1976/77 than the 5.8 million tons harvested last year. Heavy rains in the Gangetic Plain area in August contributed to higher corn yields.

Monsoon rainfall in northern India ended a month earlier this year than during 1975. This means that moisture conditions at the traditional planting time for wheat and barley will be less favorable. Ideal soil moisture in November 1975 encouraged Indian farmers to plant more wheat.

The total area planted to wheat increased from 18.1 million hectares in 1974/75 to 19.6 million hectares in 1975/76, and production rose from 24.2 million tons to about 26.6 million tons. Yields increased only 1.4 percent, and most of the gain in production came from extra plantings in areas where multiple cropping is gaining favor.

—JOHN B. PARKER, JR., ERS

World Cotton Estimate Dips Slightly

Weather problems and updated estimates for some countries are responsible for a reduction in the 1976/77 world cotton production estimate to 59.2 million bales (480 lb net)—a drop of 1 percent from the October estimate but 7 percent above last season's harvest.

The lower U.S. production estimate accounts for about half of the recent decline in world output. Foreign production, now expected to be 49.3 million bales, is lower primarily because of developments in Egypt and Iran.

Official estimates of the Egyptian crop place it somewhat below the earlier estimate, while prospects of a greatly increased crop in Iran have eroded slightly because recent conditions have not been as favorable as the near-ideal situation at planting time.

Improvement in the drought situation in Nicaragua is not believed to be enough to compensate for reductions elsewhere. Harvesting is nearing completion in many Northern Hemisphere countries, while planting operations are underway in Southern Hemisphere countries.

The supply situation and signs of sluggishness in world economic recovery cloud an otherwise bright cotton demand picture. In view of these factors, foreign consumption should remain very near its 1975/76 level of 55.9 million bales.

In the United States, where some substitution of synthetic for natural fibers appears likely, cotton consumption is expected to decline about 600,000 bales from the 1975/76 level and pull world consumption down with it to around 62.5 million bales.

Communist countries are expected to maintain their 1975/76 consumption levels. While some Far Eastern countries may score consumption gains, importing countries as a whole are expected to suffer a small reduction in usage as a result of pressures from high prices and textile imports from cotton-producing countries.

—FOREIGN COMMODITY ANALYSIS, COTTON, FAS.

A growing U.S. market

Demand, Short Crops Spur Venezuelan Oilseed Imports

By JAMES W. WILLIS
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AN UNPRECEDENTED expansion in Venezuela's edible oil consumption in 1976 is providing an enlarged market for U.S. oilseeds and vegetable oils, particularly for fragmented peanuts, crude peanut oil, crude cottonseed oil, and now—soybean oil.

The United States also provided a large share of Venezuela's oilseed, edible oil, and oil meal imports in 1975 to remedy shortages largely growing out of rain-damaged crops, deliberate production holddowns by some farm organizations, and the consumption uptrend.

As a result of the 14 percent increase in edible oil demand in 1975 and limited oilseed availabilities from local crops, total vegetable oil imports from all sources increased by 178 percent and oilseed imports rose by 6 percent. Respective imports of U.S. peanuts, cottonseed oil, and peanut oil rose by 59, 68, and 185 percent.

The continuation of fixed prices for major vegetable oil-based products, such as mayonnaise, margarine, and shortening, and rapid population growth, have both supported progressively higher use of vegetable oils. Some mayonnaise manufacturers, whose products usually contain about 80 percent vegetable oil (normally cottonseed oil), were barely able to supply local needs for mayonnaise last year because of sporadic shortages of either oil or glass jars. Manufacturers of corn oil reportedly have been hard put to cover local demand because of limited plant capacity, even though in past years corn oil has not been a popular cooking oil compared with sesame and peanut oil.

Provided these limitations are rectified, edible oil consumption should exceed 160,000 metric tons during 1976 versus 138,000 tons last year. Consumption of approximately 90,000 tons of liquid cooking oils (sesame, peanut, and corn oils), and about 70,000 tons of solid oils (primarily winterized cottonseed peanut, coconut and soybean oils) is expected in 1976.

Over 20 percent of Venezuela's annual solid oil supply will be taken by the margarine industry in 1976, an amount about 1,000 tons higher than a year earlier. About 60 percent is needed by the shortening industry and the remainder by domestic mayonnaise manufacturers.

Based on formulas currently being used by Venezuelan manufacturers of oil-based products and the reduced quantity of edible oil expected to be extracted from local and imported oilseeds, Venezuela should import over 30,000 metric tons of crude cottonseed oil during 1976. Another 30,000 tons of peanut oil and approximately 10,000 tons of coconut oil also will be brought into the country.

The Venezuelan Agricultural Marketing Corporation (CMA) recently purchased 37,000 tons of crude cottonseed oil for delivery during 1976. Another 59,000 tons of peanut oil and 18,000 tons of coconut oil were also purchased for 1976 delivery. For the first time in history, the Government permitted the importation of 10,000 tons of soybean oil for edible uses in mayonnaise and margarine production.

In 1975, for the first time since the mid-1960's, the CMA imported large quantities of copra and coconut oil. These purchases took the place of U.S. peanut and cottonseed oil imports. Total imports of copra or coconut oil during 1976 are not expected, however, to match the 1975 level for several reasons.

OILSEED crushers have had difficulties extracting coconut oil from the 20,200 metric tons of copra imported from the Philippines in 1975, and the 17,000 tons of coconut oil imported was more than the amount required to cover Venezuela's needs.

The proportion of coconut oil used in margarine is limited to about 30 percent of its total oil content due to the tendency of coconut oil to flake at higher percentage levels.

Furthermore, the 10,000 tons of imported soybean oil could fill some of the requirements previously covered by imported coconut oil.

Although manufacturers of other oil-based products, such as mayonnaise, are known to be experimenting with several types of vegetable oils, including coconut oil and soybean oil, most appear satisfied with the quantity of products obtained by using winterized cottonseed oil. Nevertheless, increased use of soybean and coconut oils could occur if local oil refineriers deliver these oils to manufacturers at low prices, compared with those of cottonseed oil.

Improved marketing conditions for cotton fiber were earlier expected to stimulate increased cotton sowing in the 1976 season. However, poor weather conditions will reportedly reduce sowing this year by over 50 percent. So, larger oil availabilities from local cottonseed supplies cannot be expected until the latter part of 1977, hence the large level of cottonseed oil already purchased.

Cottonseed oil imports are not used to cover Venezuela's requirements for liquid cooking oils, but are utilized only to meet needs for solid oils. To cover the deficit expected in cooking oil supplies, Venezuela has continued to import peanut oil.

This season's cooking oil deficit is largely because of a reduced sesame harvest, normally Venezuela's largest oilseed crop. The 1976 sesame harvest is now placed at only 58,000 tons, the lowest outturn since 1965 and far below the 1970 record crop of 125,639 tons. Since harvesting of peanuts does not begin until November, this oilseed crop should not alter the deficit expected in local sesame oil supplies during the last half of 1976.

Total output of oilseeds in 1975 dropped by 8 percent from the 1974 level of 160,000 tons to 146,000 tons.

Producers of sesameseed had stated early in 1975 that they would plant only what was necessary to raise the delivery price to Bs3.20 per kilogram (Bs4.28=US$1). The Association of South-Central Sesame Producers claimed that the Bs1.80-per-kilogram support price being paid at that time failed to cover production costs. In ad-

Clockwise from above: Venezuelan sesameseed oil extraction plant; PROTINAL, the country's largest oilseed extractor and the only commercial crusher of imported soybeans; coconut plantation at Moron, Venezuela. Venezuela is buying large quantities of U.S. oilseeds and vegetable oils.

dition, the Venezuelan Agricultural Rural Confederation announced in mid-1975 that 11,000 tons of sesame had been destroyed by rain.

In response to this production shortfall, the Government announced in mid-year that a subsidy of Bs300 per ton would be paid for sesameseed delivered to the Venezuelan Agricultural Marketing Corporation. Based on Corporation payments of Bs18 million, it is likely sesameseed production in 1975 did not exceed 60,000 tons.

Peanut producers claimed they have been victims of a cost/price squeeze that caused some of them to reduce production. Originally they were said to have suffered from a shortage of locally produced certified seed and had to use imported seed, reportedly with a lower germination rate.

Peanut outturn in 1975 is estimated at 15,000 metric tons, down from 28,000 tons a year earlier. Production in 1976 is expected to about equal the 1975 volume.

Copra outturn has remained fairly steady in recent years, but dropped 1,000 tons to 17,000 tons in 1975, largely because of a prolonged drought that reportedly affected 4,700 hectares in the State of Falcón.

Copra production in 1976 is expected to remain unchanged at 17,000 tons.

Venezuela's outturn of cottonseed rose from 47,717 tons in 1974 to 68,633 tons in 1975. The higher 1975 cottonseed output resulted from the large 1974/75 cotton crop, grown in response to strong demand by the textile industry for cotton fiber.

No official data are available on 1975 palm and palm kernel production, although industry sources state that output does not vary much and that oil outturn generally stands at about 5,000 tons annually. Industry sources also have reported that neither soybean nor sunflowerseed production in Venezuela has developed to a degree that would result in a significant commercial output.

Vegetable oil outturn from locally produced oilseeds fell by 14,000 tons in 1975 from that of a year earlier, but this was partially offset by a slight rise in crushings of imported oilseeds. At 50,000 tons, the low volume of edible oil produced from domestic seeds was largely because of the dropoff in sesame outturn and the limited copra crushings. Outturn of edible oil from imported oilseeds was 35,000 tons, 8,000 more than the previous year's production. Total edible oil production in 1975 was 85,000 tons, 6,000 tons less than a year earlier.

Total protein meal outturn decreased in 1975. Although the tonnage of imported oilseeds rose by 6 percent in

Continued on page 12

Mozambique To Double Grain Imports In 1977

MOZAMBIQUE IS expected to more than double its grain imports in fiscal 1977, as a result of financial losses incurred by the closing of its border with Rhodesia and floods that damaged crops in central and southern parts of the country during the spring. Mozambique has already imported 21,800 metric tons of wheat—valued at $3.3 million—from the United States under Title II of Public Law 480.

Grain imports are expected to include 100,000 tons of wheat, 50,000 tons of long-grain milled rice, and 75,000 tons of white corn. Normal grain imports in recent years usually have been 100,000 tons, mostly of wheat. Contributing to the need for imports is the general downtrend in agricultural production brought about by the social and political changes preceding and following independence in June 1975.

One cause of the production decline was the exodus of the owners, managers, and technicians of the 4,000 large (more than 20 hectares) commercial farms that formerly produced all the tea and sisal, and most of the sugar, potatoes, rice, and copra. These farms covered 2.4 million hectares and had adequate financial resources and machinery.

These farms are now nationalized and operating as State farms, but the lack of trained people makes it difficult to return to former production levels. In addition, a large number of the small- and medium-size commercial farms have been abandoned.

Mozambique's major food crops—corn and cassava—have been grown on 1.6 million small household plots cultivating a total of 2 million hectares. In previous years, these plots produced 400,000 tons of corn, 2.3 million tons of cassava, 200,000 tons of sorghum, 80,000 tons of shelled peanuts, 50,000 tons of millet, and 40,000 tons of rice. Productivity of these traditional farms was low and the crops were primarily for home consumption use.

The Government now plans to organize these traditional African holdings into communal villages either as cooperatives or State farms. The inhabitants will be organized into work brigades to do the daily farm work. The primary aim will be to feed commune members, but as production becomes modernized the increased output will be sold on the local market.

Under the new plan, each household will be allowed to have personal property, including a small plot whose size will be determined by the villagers, but in no case will it exceed one hectare of dry crop land or one-half hectare of irrigated land. Such a major change in the agricultural system may cause at least a temporary decline in production, necessitating food imports.

The decline in agricultural production also has reduced Mozambique's commodity exports, further aggravating a balance of trade situation that was already in chronic deficit. In 1974, total exports—valued at $296 million—were far below the $460 million paid for imports. Over 77 percent of these exports were agricultural commodities, primarily cashew products, cotton, sugar and molasses, tea, copra, vegetable oils, and sisal. Value of exports dropped to roughly $200 million in 1975 while imports remained above $400 million, a trend that continued in 1976.

In the past, part of the trade deficit was paid by receipts—valued at $30 million—from the transport of Rhodesian freight via the railway to the Mozambican port of Beira. However, Mozambique closed this rail line early in 1976 and the U.S. shipment of wheat is designed to alleviate part of the foreign exchange loss that Mozambique is suffering as a result of the closure and disruption of trade.

Mozambique is receiving aid not only from the United States, but from a wide spectrum of countries and international organizations. Promised aid totals $150 million, including an interest-free loan for $56 million from the People's Republic of China; $20 million each from the United Nations, Sweden, and Portugal; $10 million from the Netherlands; and $1 million in petroleum from Iraq. Mozambique also received $26 million and will receive another $19 million from the Arab Bank for Economic Development in Africa.

—HERBERT H. STEINER, ERS

Turkey Steps Up

ALTHOUGH TURKEY ranks seventh among world livestock producers—with a livestock population of over 76 million head—insufficient supplies of manufactured feed have prevented that country's livestock industry from developing at a more rapid pace. The situation shows signs of changing, however, as the Government begins steps to encourage growth in the feed industry.

In Eastern Turkey, where most of the country's livestock are produced, demand for feed concentrates has been limited. Receiving a premium only for dressout percentage, producers have no financial incentive to produce high-quality meat. Unaware of the benefits of using commercially produced feed, producers are reluctant to make the additional investment.

The Meat and Fish Organization, a Government-sponsored group, purchases about 10 percent of the total slaughter animals in Turkey and pays a premium only for the percentage of carcass produced. The private meat trade follows the same system. Since Turkey does not have a meat grading system such as that in the United States, producers are not paid extra for selling a high grade product.

To sustain and increase the level of meat production, the Government is extending credit to farmers through specific livestock projects. The World Bank and the Government of Turkey recently loaned $42.5 million for such projects.

Under such programs, farmers can obtain cash for purchases of both animals and feed. Animals are fed concentrates only during the last 90 days prior to marketing. The concentrates are usually home-grown cereals such as barley, rye, or oats, in addition to beet pulp, a commodity that can be obtained at reasonable prices from local sugar factories.

In Western Turkey, around large cities such as Ankara, Istanbul, and Izmir, demand for feed is growing to such an extent that local suppliers are hard pressed to meet it.

Turkey currently has 51 feed plants in operation, 7 of which are Government-owned, 34 privately owned, and 10 joint ventures. In addition, 13 more facilities—Government-owned and located in the eastern part of the country—are planned for future construction.

Plans To Manufacture Feed

Despite the current limited demand for feed in this section of Turkey, the Government wants to develop the area through industrialization.

At present, only private firms are providing technical assistance to producers regarding the benefits of mixed feed use. This appears to be one of the reasons why the private sector of the feed industry has been expanding more rapidly and has increased its share of the Turkish feed market each year.

The Ministry of Agriculture recently established a directorate responsible for supervising production of feed manufactured in both Government and private plants. Samples of all feed must be forwarded to that agency for analysis to determine if Government standards are met. Prices of feed at both factory and retail levels are established by the Government.

After a 2-year freeze during which world prices for feed ingredients steadily increased, the Turkish Government recently granted a 15 percent increase in the price of feed. The ingredients for domestic feed are purchased almost entirely from domestic sources, also at Government-set prices.

Corn is probably the major ingredient of most feeds, and when retail prices were set in 1974, they were based on corn prices of 2.60 lira per kilogram (US$1=14TL). During 1975, the price of domestic corn fell to about 2 lira, and feed manufacturers profited considerably from this decline. However, the situation has reversed this year, and private feed manufacturers have asked the Government for permission either to import corn or to raise the price of feed.

Despite insufficient supplies, feed production has grown appreciably in Turkey. Commercial feed production has soared from 600 metric tons in 1958 (produced entirely in Government plants) to over 600,000 tons in 1975 (more than half of this amount was produced in private facilities, with the balance almost evenly divided between Government and jointly owned plants).

Of the total quantity of feed produced in 1975, 55 percent was poultry feed, 40 percent was for cattle and sheep, and 5 percent for other animals.

Only small quantities of vitamins and soybean meal are currently imported by Turkey for feed manufacture. However, with the growing demand for feed, there may be future opportunities for the United States to export soybean meal, corn, and tallow to Turkey to enhance feed production efforts.

—WALTER A. STERN,
U.S. Agricultural Attaché, Ankara

TURKEY: FEED PRODUCTION, 1958-75
[In metric tons]

Type of plant	1958	1960	1965	1970	1975
Government	586	5,791	29,234	79,132	151,966
Joint venture	—	—	18,187	68,216	125,607
Private[1]	—	—	8,368	98,232	339,505
Total	586	5,791	55,789	245,580	617,078

[1] Estimated.

South Africans Buy U.S. Angus Semen

South African breeders have started to make sizable purchases of U.S. Angus semen as the result of a decision by some cattlemen to switch from the smaller South African Angus type to the larger U.S. variety. Already orders for over 1,000 doses have been received in the United States.

The purchases grew out of a market development trip to South Africa by Lyle V. Springer of the American Angus Association, made at the request of the Angus Cattle Breeders Society of South Africa to evaluate the possibility of gradually converting South African herds to the American variety.

Interest in the larger U.S. Angus breed was especially apparent at the 65th Witwatersrand (Rand) Agricultural Society Livestock Show and Exposition in mid-1976 where four large bulls, bred artificially from semen bought in the United States, were exhibited. All four won awards.

One of the four was named junior champion, one placed third in the large, strong class, and two won honorable mentions. Their selling prices averaged $1,750, compared with less than $1,000 for domestically bred bulls sold at the same time.

Springer also conducted a demonstration at the livestock show at which strong interest was indicated in U.S. Angus semen and young animals. Owners of some 25 registered and commercial herds scattered throughout the country—visited by Springer after the exhibits' close—also expressed their desire to buy U.S. Angus bulls or semen in the future.

(At present no licenses are being issued by South Africa for cattle imports, but the situation could change should more South African breeders become aware of the value of U.S. cattle.)

A Black Angus herd consisting of a number of females and a bull, purchased prior to the import limitation by a breeder in the Transvaal from a U.S. breeder in New York State—and characteristic of the numerous fine Angus herds in South Africa—has attracted considerable attention to the excellent meat producing characteristics of U.S. Angus cattle.

U.S. bull in South Africa.

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World Potato Continued from page 4

tatoes other than visual inspection upon arrival for sanitary condition and insect infestation.

Egypt. Total potato production in 1976 in Egypt is likely to exceed 900,000 tons—up from 820,000 tons in 1975. Egypt's exports of potatoes in February-April were welcomed by European customers unable to draw on the new supply of their own local crop.

Egypt delivered 107,000 tons of potatoes to the United Kingdom in the first 6 months of 1976, compared with 16,000 tons during the same period a year ago. Although total Egyptian exports of potatoes declined in 1976, it now appears that total exports should exceed 200,000 tons.

In addition to the large increase in sales to the United Kingdom, Egypt has expanded exports to West Germany, Scandinavia, Iran, and the Arabian Peninsula countries.

India. The first official estimate of India's potato production for 1976 is 6.5 million tons—an alltime high for this country. Area planted was increased by 4 percent to 615,000 hectares.

There is a general ban on commercial potato imports into India. However, limited amounts of plants, including tubers by research institutions, are permitted.

During India's 1976 export season (January-April), 50,000 tons of potatoes were shipped abroad, including 30,000 to European countries.

Japan. Expecting production to increase by 5 percent, Japanese output should total 3.14 million tons in 1976. Although fresh potatoes are not permitted entry into Japan for plant quarantine reasons, the United States should nevertheless enjoy a continued high rate of processed potato exports to Japan.

Argentina. This country is expecting 1976 potato production to increase 13 percent to 1.5 million tons. As a result, Argentina will be self-sufficient in potatoes for the rest of the year. In 1975, Argentina imported 4,300 tons for consumption and 2,300 for seed.

Brazil. Potato output is also expected to increase in Brazil—up 6 percent to 1.8 million tons. Brazil has not exported potatoes since 1973, as production is destined entirely for the domestic market. Only seed potatoes are imported, mainly from the Netherlands, Sweden, and West Germany.

Chile. The area planted to potatoes in 1976 could amount to 82,000 hectares, with production totaling 878,000 tons. Recent trade reports indicate Chile imported 15,000 tons of potatoes from the United States and 5,000 tons from Uruguay to meet domestic demand.

Venezuela Oilseeds Continued from page 9

1975 over the previous year's level the seeds had lower extraction rates than those of a year earlier. For example, more peanuts and copra were imported in 1975, and fewer soybeans.

As a result, total meal outturn in 1975 from imported oilseeds—at 70,000 tons—was slightly less than the previous year's 75,000 tons.

Total cake, meal, and pellet output in 1975 from domestic sesameseed, cottonseed, peanuts, corn, and copra, and imported corn, linseed, peanuts, sesame, sunflower, copra, and soybeans was 145,000 tons, moderately less than the 151,000 tons of a year earlier. Production in 1976 is expected to drop to 118,000 tons.

Based on preliminary trade data, Venezuela imported 6 percent more oilseeds during 1975 than in 1974—98,255 tons, compared with 92,893. Reduced deliveries of U.S. soybeans were offset by increased imports of copra from the Philippines and peanuts. Over half of the peanuts came from the United States.

Sesameseed imports plummeted dramatically from 20,611 tons in 1974 to 170 tons in 1975 and soybeans from 62,657 tons to 38,975 tons, while peanut imports rose from 9,087 tons to 38,910 tons and copra imports soared from 200 tons to 20,200 tons.

All cottonseed oil imports—40,734 tons in 1975, compared with 24,151 tons a year earlier—and a third of the peanut oil imports—25,106 tons last year, versus 5,382 tons in 1974—were of U.S. origin. For the first time in many years, Venezuela turned to the Philippines for large volumes of coconut oil because of favorable international prices. Total coconut oil imports were 16,971 tons in 1975 and zero the year before.

Preliminary port data for 1975 indicate that Venezuela's soybean meal imports exceeded the 1974 record level of 82,923 tons. Last year, the United States supplied about two-thirds of Venezuela's soybean meal imports. Colombia, Argentina, and Brazil supplied the remainder. Although fish meal imports increased from less than 500 tons in 1974 to 14,900 tons in 1975, last year's volume was still below pre-1972 import levels.

*U.S. GOVERNMENT PRINTING OFFICE: 1976 241-410/8 1-3